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Web Site for Political Organizations Improves Filing and Disclosure

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WASHINGTON — The Internal Revenue Service has launched a new Web site that makes it easier for political organizations to electronically file required documents and greatly improves the public's access to them.

The new Web site allows political organizations to electronically file their notices and reports as required by law. And, it allows the public to view, search or download the entire data base of electronic filings by political organizations. The public can learn contributors' names, contribution amounts and contribution dates as well as review a list of expenditures by the political organization.

"It's a major step in our efforts to make these documents available for public scrutiny and to make it easier for organizations to meet their legal obligation to file electronically," said IRS Commissioner Mark W. Everson.

The new Political Organizations Filing and Disclosure Web site was developed to reflect congressional changes in November 2002 intended to ensure that political organizations with tax exempt status, also known as Section 527 political organizations, disclose essential information on a timely basis. It replaces the prior filing and search site that was developed in 2000 in response to earlier legislation.

The new Web site, intended to be more user-friendly and simpler to navigate, contains two major components: The Political Organization Filing Center and the Political Organization Disclosure Page.

The features of the Political Organization Filing Center include:

- Electronic filing of Form 8871, Political Organization Notice of Section 527 Status,
- Electronic filing of Form 8872, Political Organization Report of Contributions and Expenditures,
- Immediate electronic acknowledgement of filing,
- On-screen help,
- The ability to accept data uploads from financial software,



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**SECTION 527 POLITICAL ORGANIZATIONS
REVISED TAX FILING REQUIREMENTS**

Legislation adopted in 2002 altered filing requirements for certain political organizations that seek tax-exempt status under section 527 of the Internal Revenue Code. The new law generally reduces filing requirements for certain state/local political organizations that already disclose certain information to state agencies. In addition, the law relieves some political organizations from filing an annual income tax return or an annual information return. Except where noted, the revised filing requirements are retroactive to July 1, 2000. This fact sheet discusses the current filing requirements as revised by the new legislation. FS-2002-11, published May 2002, is superseded.

The new law:

- Exempts state and local candidate and party committees from filing Form 8871 and Form 990 (or 990-EZ);
- Exempts qualified state and local political organizations (QSLPOs) (as defined below) from filing Form 8872;
- Exempts political committees filing with the FEC from filing Form 990 (or 990-EZ);
- Exempts political organizations that are a caucus or association of state or local officials from filing Form 990 (or 990-EZ);
- Requires additional information on Form 8871 and Form 8872;
- Requires the filing of an amended Form 8871 after material changes to maintain tax-exempt status;
- Increases reporting thresholds for certain Form 990 filers;
- Eliminates the requirement to file Form 1120-POL except where an organization has taxable income after taking the \$100 specific deduction (returning to pre-July 2000 requirements);
- Reinstates the pre-July 2000 confidentiality requirement for any Form 1120-POL filed after November 2, 2002; and
- Changes the electronic filing requirements by
 - Requiring that Form 8871 be filed electronically (as opposed to both in writing and electronically); and
 - Requiring that any Form 8872 due after June 30, 2003, be filed electronically if the filing organization has or expects to have contributions or expenditures of more than \$50,000 during the calendar year.

- The ability to save data so it can be viewed, completed and submitted at a later date,
- The ability to view and print submitted forms.

The other key feature of the new site is the Political Organization Disclosure Page. "Search and download capabilities are greatly improved on the new site," said Steven T. Miller, Director of Exempt Organizations. "We heard the public's concerns about the limitations of these features on the former site. With this new site we can now offer an improved tool to support public disclosure of political activity, allowing for a better informed public."

The Political Organization Disclosure Page can be used to search paper and electronic filings of Forms 8871 and Forms 8872, as well as paper filings of Form 990, Return of Organization Exempt from Income Tax, filed by political organizations. Searches of paper filings are limited, but the system alerts the user to the boundaries of any search and gives tips on how to achieve the best results.

Users can conduct three different types of searches.

- The *Basic Search* locates information about political organizations by name, the date the report was received, or by the EIN (Employee Identification Number).
- The *Advanced Search* has the ability to go beyond the Basic Search by locating a political organization that filed electronically by all fields, such as the name of the organization's contact person, the amount of a contribution, or the name of a contributor.
- The *Popular Search* provides easy access to routine information. A user simply chooses one of the pre-defined searches of available information, such as a listing of all organizations that filed any Form 8871 on the previous day, persons making yearly contributions in excess of an amount the user determines, or persons receiving payment in excess of an amount the user determines.

In addition to the search capabilities, a user can download the entire database of electronically submitted Forms 8871 and Forms 8872.

During the initial transition to the new Political Organization Filing and Disclosure website, all electronic filings of forms are available to be searched, but only paper filings posted by June 13, 2003, are searchable. The remaining forms will be available shortly. "From this point forward, however, the new Filing and Disclosure website will capture all of the information electronically filed by political organizations, significantly expanding the range and amount of searchable information," Miller said.

The new site has a number of entry points. Users can enter the IRS Keyword "political orgs" from the main page of the IRS website (www.irs.gov) or type in the direct website address www.irs.gov/polorgs. For more information about the filing requirements of 527 organizations see Fact Sheet 2002-13.

Definition of Political Organization

Political organizations are organized and operated primarily to accept contributions and make expenditures for the purpose of influencing the “selection, nomination, election, or appointment of any individual to Federal, State, or local public office or office in a political organization, or the election of Presidential electors.” Political organizations include political party committees, Federal, State and local candidate committees and other political committees such as political action committees (PACs).

The law also creates a new sub-category of political organization -- qualified state or local political organization (QSLPO). A state or local organization may be a QSLPO, if it meets the following criteria:

- All of its political activities relate solely to state or local public office (or office in a state or local political organization),
- It is subject to state law that requires it to report (and it does report) to a state agency information about contributions and expenditures that is similar to the information that the organization would otherwise be required to report to the IRS,
- The state agency and the organization make the reports publicly available, and
- No Federal candidate or office holder controls it or materially participates in its direction, solicits contributions for it, or directs any of its disbursements.

Filing Categories

Federal tax law divides political organizations into several different categories, and provides different filing requirements for each category. See the first chart below for the filing requirements for each category.

Federal organizations

- FEC political committee: A political organization (including federal candidate committees, political party committees and PACs) that is required to report as a political committee under the Federal Election Campaign Act.
- Other federal political organization: A political organization attempting to influence federal elections that is not required to report as a political committee under the Federal Election Campaign Act.

State and Local organizations

- Candidate committee: A campaign committee of a state or local candidate.
- Party committee: A state or local committee of a political party.
- Qualified state or local political organization (QSLPO): See above definition.
- Caucus or association: A group of state or local officials attempting to influence elections.
- Other political organization: Any other state or local political organization.

Filing Requirements

The filing requirements in the chart below apply to those political organizations that:

- Wish to be a tax-exempt political organization, and
- Receive or expect to receive \$25,000 or more in gross receipts in any taxable year.

If You Are A	You May Be Required To File
FEC political committee, state or local candidate committee or state or local committee of a political party	➤ Form 1120-POL
Qualified state or local political organization (QSLPO)*	➤ Form 8871; ➤ Form 1120-POL; and ➤ Form 990
Caucus or association of state or local officials*	➤ Form 8871; ➤ Form 8872; and ➤ Form 1120-POL
Any other political organization, including other federal political organizations and other state or local political organizations	➤ Form 8871; ➤ Form 8872; ➤ Form 1120-POL; and ➤ Form 990 or Form 990-EZ

*An organization may be both a QSLPO and a caucus or association of state or local officials. If so, it is not required to file Form 8872 and Form 990.

NOTE: If you are:

- A political organization that is not tax-exempt, or
- A tax-exempt political organization that does not have gross receipts of at least \$25,000

You must file Form 1120-POL if you have taxable income after taking the \$100 specific deduction for any taxable year.

Description of Form Filing Requirements

1. Form 8871 – Notice of 527 Status

Unless excepted (see chart below), a political organization must file Form 8871, *Political Organization Notice of 527 Status*, with the IRS to be tax-exempt. Until it files the form, its income (including contributions) is subject to taxation. Form 8871 must be filed electronically, within 24 hours of the political organization's establishment. An amended Form 8871 must be filed within 30 days of any material change (including termination), or any income (including contributions) it receives after the material change will be subject to taxation.

2. Form 8872 - Report of Contributions and Expenditures

Tax-exempt political organizations, other than QSLPOs, that file Form 8871 must file Form 8872, *Political Organization Report of Contributions and Expenditures*, to disclose information concerning:

- expenditures that aggregate \$500 or more per person, per calendar year; and
- contributions that aggregate \$200 or more per person, per calendar year.

A tax-exempt political organization that does not disclose this information must pay an amount equal to the highest corporate tax rate (35 percent) multiplied by the amount of contributions and expenditures not disclosed.

The filing due dates are available on the IRS web site at www.irs.gov/polorgs.

A political organization is not required to file Form 8872 for any period of time that it is subject to tax on its income because it did not file or amend a Form 8871.

3. Form 1120-POL – U.S. Income Tax Return for Certain Political Organizations

Political organizations, whether or not tax-exempt, that have taxable income in excess of the \$100 specific deduction in a taxable year must file Form 1120-POL, *U.S. Income Tax Return for Certain Political Organizations*.

Form 1120-POL is due by the 15th day of the 3rd month after the end of the organization's taxable year. Political organizations may request a six-month extension of the filing deadline by filing Form 7004, *Application for Automatic Extension of Time to File Corporate Income Tax Return*. This extension must be filed by the due date of Form 1120-POL. There is a penalty for failure to file Form 1120-POL.

4. Form 990 or 990-EZ – Return of Organization Exempt from Income Tax

Unless excepted (see chart below), a tax-exempt political organization must file an exempt organization annual information return if it has gross receipts of \$25,000 or more for the taxable year (\$100,000 for QSLPOs). A tax-exempt political organization with gross receipts of less than \$100,000 and assets of less than \$250,000 at the end of the year may file a Form 990-EZ, *Short Form Return of Organization Exempt from Income Tax*. Otherwise, it files a Form 990, *Return of Organization Exempt from Income Tax*.

Form 990 or Form 990-EZ is due on the 15th day of the 5th month after the end of the organization's taxable year. There is a penalty for failure to file this return. Organizations may request a three-month extension, without showing cause, by filing Form 8868, *Application for Extension of Time to File an Exempt Organization Return*, by the due date. A second three-month extension, with cause, may also be requested through Form 8868.

Form	When filed	Exceptions to filing requirement
8871	Within 24 hours of establishment or within 30 days of any material change, including termination	<ul style="list-style-type: none"> ➤ Organization that does not seek tax-exempt status; ➤ Political committee required to report to the FEC; ➤ Campaign committee of state and local candidates; ➤ State or local committee of political parties; and ➤ Organization that reasonably expects annual gross receipts to always be less than \$25,000.
8872	At organization's option, quarterly/semiannually or monthly, on same basis for entire calendar year (see form instructions for detailed information)	<ul style="list-style-type: none"> ➤ Any organization excepted from Form 8871 filing requirement (see above); and ➤ Qualified state or local political organization (QSLPO).
1120-POL	Due the 15th day of the 3rd month after the close of the taxable year	<ul style="list-style-type: none"> ➤ Political organization with no taxable income after taking the \$100 specific deduction
990 or 990-EZ	Due the 15th day of the 5th month after the close of the taxable year	<ul style="list-style-type: none"> ➤ Any organization excepted from Form 8871 filing requirement (see above); and ➤ Caucus or association of state or local officials

Disclosure Requirements

Tax-exempt section 527 organizations must make their forms (other than Form 1120-POL) publicly available for inspection and copying at their principal place of business. The IRS also posts Form 8871 and Form 8872 on its web site at www.irs.gov/polorgs.

For More Information

Questions about the filing requirements may be directed to the Tax Exempt and Government Entities Customer Account Services toll free number 1-877-829-5500. Assistance is available 8:00 a.m. to 6:30 p.m. ET, Monday through Friday.